

Yardi® Matrix

Chicago's Thriving Landscape

Multifamily Report Summer 2018

Rent Growth Picks Up

Supply Slated for Cycle Peak

Investment Slowdown Continues

CHICAGO MULTIFAMILY

Market Analysis

Summer 2018

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Demand Fuels Further Growth

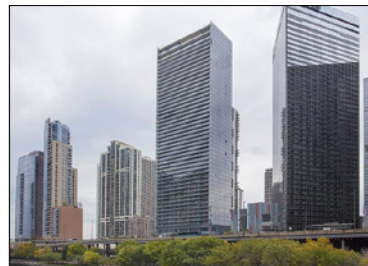
Rent growth in Chicago has picked up due to increased demand, reaching 1.8% year-over-year as of June—its highest value since November 2016. This was mainly driven by a rebound of the higher end of the quality spectrum, as rent growth for luxury apartments recovered from the negative values registered during last year's final quarter. Meanwhile, Chicago's development momentum is expected to continue, with more than 10,000 units slated for delivery in 2018, which could mark a new cycle high.

Chicago is facing a talent gap in the booming technology sector, as professionals are migrating toward coastal hubs, according to a LinkedIn report. This is doubled by the city's steady population decrease and the 5,400 jobs in information and professional and business services lost in the 12 months ending in April. However, with companies such as Google and Facebook expanding their footprints, the downtown area continues to attract Millennials and Gen Zers looking for well-positioned apartments.

The metro continues to struggle with affordability issues, prompting local authorities to set up a \$30 million fund for the creation of 300 affordable units in Chicago's core districts. An almost complete lack of new workforce housing supply coupled with a healthy demand for urban units will lead to accelerated rent growth, estimated at 2.8% for the whole of 2018.

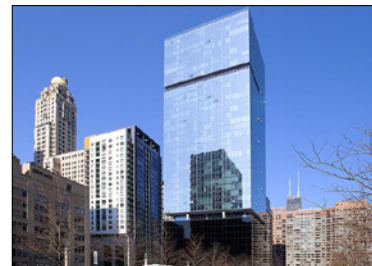
Recent Chicago Transactions

Coast at Lakeshore East



City: Chicago
 Buyer: Morguard North American
 Purchase Price: \$223 MM
 Price per Unit: \$432,039

Optima Chicago Center



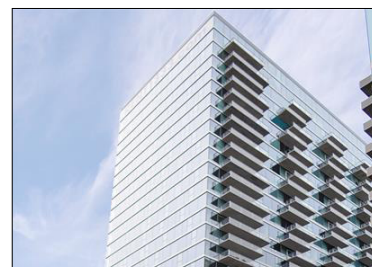
City: Chicago
 Buyer: Edge Principal Advisors
 Purchase Price: \$155 MM
 Price per Unit: \$476,923

The Park Evanston



City: Evanston, Ill.
 Buyer: New York Life
 Purchase Price: \$127 MM
 Price per Unit: \$448,763

1333 Wabash



City: Chicago
 Buyer: Habitat Co.
 Purchase Price: \$125 MM
 Price per Unit: \$410,164